

FISCAL NOTE

SB 2222 - HB 2389

March 30, 2004

SUMMARY OF BILL:

- Authorizes the state to place a lien on real property owned by an individual receiving federal benefits that the state may recover. This bill would apply to benefits such as TennCare and Families First. The lien would be for the value of the benefits paid to the individual. If the lien arises from medical benefits under TennCare, then the lien may apply before the person's death in accordance with the federal Tax Equity Fiscal Responsibility Act and the Social Security Act.
- Requires the state agency administering the benefit program to notify the Department of Finance and Administration, which would serve as a central registry of the liens. The department would record or release the lien and also maintain a Web site to identify properties on the list. This bill would allow the division to impose fees on the use of the Web site to cover the cost of maintenance.
- Provides that the state is not required to notify the property owner of a lien under this bill. The lien provided in this bill would be effective even without being filed. This bill would penalize the state if it refuses to release a lien within the specified time limit and increase the penalties with time.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$398,000 Recurring
\$475,000 One-Time**

Increase State Revenues - Exceeds \$100,000

**Other Fiscal Impact - Increase Federal Expenditures - \$40,000 Recurring
\$200,000 One-Time**

Assumes:

- A need in the Department of Finance and Administration for six additional staff and related expenses and a one-time cost of \$150,000 to develop a web based lien registry system.
- A need in the Department of Human Services for ongoing computer system maintenance and a one-time expense of \$525,000 to develop a computer interface with the Department of Finance and Administration.
- According to the TennCare Bureau, federal law does not permit recovery of funds in the Medicaid program unless the person received the benefits incorrectly or fraudulently except when the person was over age 55 and received long-term care benefits. The state already has authority to recover funds in the latter category.
- The Department of Human Services will make some recoveries and the Department of Finance and Administration will collect fees for use of the registry system. The amount cannot be determined but is estimated to exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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